

Topic: Coverage Types Allowable Under HCTC Legislation

Why Is This Important to You?

Many health plan administrators (HPAs) have enrollees who will claim the tax credit under different coverage types. The HCTC legislation defines four. Please be aware of these coverage types when conducting business with the HCTC program.

HCTC Coverage Types Defined Under HCTC Legislation

There are four types of health coverage allowable under the HCTC legislation. The first three are common among HCTC participants:

1. Individual health insurance: This coverage type, purchased as non-group insurance, must have been purchased 30 days prior to the date the individual separated from the job that led to the receipt of or qualification for TAA benefits, ATAA benefits, or PBGC benefits.
2. State-qualified health insurance: This coverage type consists of health plan products the States have qualified specifically for the HCTC program. The coverage must meet the legislative requirements for health insurance set forth in the Trade Act of 2002.
3. COBRA: This is continuation coverage provided under the federal Consolidated Omnibus Budget and Reconciliation Act of 1985.
4. Spousal coverage: This is coverage under a group plan that is available through the employment of an eligible individual's spouse. This type of coverage, although allowable under the HCTC legislation, cannot be claimed for the monthly advance tax credit. As a result, HPAs will not receive advance HCTC payments under this coverage type.



HCTC-registered participants can be enrolled in your individual or COBRA products – not just state-qualified products.

What are Your Business Considerations as HPAs?

How Do You Register to Receive Payments?

⇒ HPAs receiving HCTC payments must register with CCR in order to receive electronic payment from the federal government. It is federal government policy to provide electronic payment in lieu of paper checks.

How Do You Set Up Remittance Accounts?

⇒ HCTC prefers that HPAs set up one remittance account for HCTC payments in order to limit the effort required for CCR registration, and simplify the payment routing process between the HCTC program and your bank.

⇒ The accounts that you establish may receive HCTC payments for taxpayers that have COBRA, individual policies, or state-qualified plan/products.

What Does HCTC Need on the HPA Invoice?

⇒ HPAs can expedite payment by providing unique identifiers on the invoice, such as product name and group number, that correspond to the appropriate remittance account.

Are HPAs Responsible for Determining HCTC Eligibility?

⇒ It is the responsibility of the HCTC program to verify an individual's eligibility for the tax credit.